
HOUSE BILL No. 1740

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1; IC 22-4.1-7.

Synopsis: Job skills training expense tax credit. Requires the department of workforce development (department) to adopt rules for: (1) certifying job skills training programs; and (2) certifying that a particular job skills training program is related to particular career fields or job classifications. Provides to a qualified employer a nonrefundable state tax liability credit equal to 10% of expenditures made for job skills training programs on behalf of its employees. Provides to an individual taxpayer a refundable state tax liability credit equal to the lesser of: (1) \$250; or (2) 25% of expenses for job skills training programs paid by the individual and not reimbursed by the individual's employer. Requires an individual to submit proof that a certified job skills training program is related to the individual's career field or job classification, as determined by the department, in order to claim the credit.

Effective: Upon passage; January 1, 2004.

Scholer, Espich

January 21, 2003, read first time and referred to Committee on Ways and Means.

C
o
p
y



First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1740

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2004]:

4 **Chapter 25. Certified Job Skills Training Program Employer**
5 **Credit**

6 **Sec. 1.** As used in this chapter, "certified job skills training
7 program" means a job skills training program certified by the
8 department of workforce development under IC 22-4.1-7.

9 **Sec. 2.** As used in this chapter, "highly compensated employee"
10 has the meaning set forth in Section 414(q) of the Internal Revenue
11 Code.

12 **Sec. 3.** As used in this chapter, "pass through entity" means:

- 13 (1) a corporation that is exempt from the adjusted gross
14 income tax under IC 6-3-2-2.8(2);
15 (2) a partnership;
16 (3) a limited liability company; or
17 (4) a limited liability partnership.



C
o
p
y

1 Sec. 4. As used in this chapter, "qualified employer" means a
 2 person, corporation, or pass through entity that pays an average
 3 hourly wage to employees other than highly compensated
 4 employees that exceeds one hundred fifty percent (150%) of the
 5 federal minimum wage.

6 Sec. 5. As used in this chapter, "state tax liability" means a
 7 taxpayer's total tax liability that is incurred under:

- 8 (1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- 9 (2) IC 6-5.5 (financial institutions tax); and
- 10 (3) IC 27-1-18-2 (insurance premiums tax);

11 as computed after the application of the credits that under
 12 IC 6-3.1-1-2 are to be applied before the credit provided by this
 13 chapter.

14 Sec. 6. As used in this chapter, "training program expenditures"
 15 means expenses incurred by a qualified employer for any of the
 16 following:

- 17 (1) Sponsoring or co-sponsoring a certified job skills training
 18 program that it provides to its employees, to the extent the
 19 expenses are incurred in providing the training to its
 20 employees and not to other program participants.
- 21 (2) Reimbursing an employee for participation in a certified
 22 job skills training program not sponsored or co-sponsored by
 23 the qualified employer.

24 The term does not include indirect costs incurred by an employer
 25 such as wages, salaries, and fringe benefits paid to employees while
 26 attending a certified job skills training program.

27 Sec. 7. A qualified employer is entitled to a credit against the
 28 qualified employer's state tax liability for training program
 29 expenditures made by the qualified employer in a taxable year. The
 30 amount of the credit is equal to the qualified employer's training
 31 program expenditures in the taxable year multiplied by ten percent
 32 (10%).

33 Sec. 8. (a) If the amount determined under section 7 of this
 34 chapter for a qualified employer in a taxable year exceeds the
 35 qualified employer's state tax liability for that taxable year, the
 36 qualified employer may carry the excess over to the following
 37 taxable years. The amount of the credit carryover from a taxable
 38 year shall be reduced to the extent that the carryover is used by the
 39 qualified employer to obtain a credit under this chapter for any
 40 subsequent taxable year. A qualified employer is not entitled to a
 41 carryback.

42 (b) A qualified employer is not entitled to a refund of any



C
O
P
Y

1 unused credit.

2 **Sec. 9.** If a qualified employer is a pass through entity that does
3 not have state income tax liability against which the tax credit may
4 be applied, a shareholder, partner, beneficiary, or member of the
5 pass through entity is entitled to a tax credit equal to:

6 (1) the tax credit determined for the pass through entity for
7 the taxable year; multiplied by

8 (2) the percentage of the pass through entity's distributive
9 income to which the shareholder, partner, beneficiary, or
10 member is entitled.

11 **Sec. 10.** To receive the credit provided by this chapter, a
12 qualified employer must claim the credit on the qualified
13 employer's state tax return in the manner prescribed by the
14 department. The qualified employer must submit to the
15 department proof of payment of the training program
16 expenditures, proof that the expenditures were for job skills
17 training programs certified by the department of workforce
18 development under IC 22-4.1-7, and all information that the
19 department determines is necessary for the calculation of the credit
20 provided by this chapter.

21 SECTION 2. IC 6-3.1-26 IS ADDED TO THE INDIANA CODE
22 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
23 JANUARY 1, 2004]:

24 **Chapter 26. Certified Job Skills Training Program Individual**
25 **Credit**

26 **Sec. 1.** As used in this chapter, "certified job skills training
27 program" means a job skills training program certified by the
28 department of workforce development under IC 22-4.1-7.

29 **Sec. 2.** As used in this chapter, "state tax liability" means a
30 taxpayer's total tax liability incurred under IC 6-3-1 through
31 IC 6-3-7 (the adjusted gross income tax) as computed after the
32 application of all credits that under IC 6-3.1-1-2 are to be applied
33 before the credit provided by this chapter.

34 **Sec. 3.** As used in this chapter, "taxpayer" means any individual
35 that has any state tax liability.

36 **Sec. 4.** As used in this chapter, "training program expenditures"
37 means expenses incurred by the taxpayer for fees or tuition that
38 are:

39 (1) paid by the taxpayer for participation in a certified job
40 skills training program that relates to the taxpayer's career
41 field or job classification, as determined by the department of
42 workforce development under rules adopted under

C
o
p
y



1 IC 22-4.1-7-4(a)(2); and

2 (2) not reimbursed or otherwise covered by the taxpayer's
3 employer.

4 Sec. 5. A taxpayer is entitled to a credit against the taxpayer's
5 state tax liability for training program expenditures made by the
6 taxpayer in a taxable year. The amount of the credit is equal to the
7 lesser of:

8 (1) the taxpayer's training program expenditures in the
9 taxable year multiplied by twenty-five percent (25%); or

10 (2) two hundred fifty dollars (\$250).

11 If a husband and wife file a joint income tax return and each
12 spouse is eligible for the credit during a taxable year, the amount
13 of the credit that may be claimed on the joint return is equal to the
14 amount of the credit the husband is entitled to under this
15 subsection plus the amount of the credit the wife is entitled to
16 under this subsection.

17 Sec. 6. (a) If the amount determined under section 5 of this
18 chapter for a taxpayer in a taxable year exceeds the taxpayer's
19 state tax liability for that taxable year, the taxpayer may carry the
20 excess over to the following taxable years. The amount of the credit
21 carryover from a taxable year shall be reduced to the extent that
22 the carryover is used by the taxpayer to obtain a credit under this
23 chapter for any subsequent taxable year. A taxpayer is not entitled
24 to a carryback.

25 (b) A taxpayer is entitled to a refund of any unused credit.

26 Sec. 7. To receive the credit provided by this chapter, a taxpayer
27 must claim the credit on the taxpayer's state tax return in the
28 manner prescribed by the department. The taxpayer must submit
29 to the department:

30 (1) proof of payment of the training program expenditures;

31 (2) proof that the expenditures were for job skills training
32 programs:

33 (A) certified by the department of workforce development
34 under IC 22-4.1-7; and

35 (B) related to the taxpayer's career field or job
36 classification, as determined by the department of
37 workforce development under rules adopted under
38 IC 22-4.1-7; and

39 (3) all information that the department determines is
40 necessary for the calculation of the credit provided by this
41 chapter.

42 SECTION 3. IC 22-4.1-7 IS ADDED TO THE INDIANA CODE

C
o
p
y



AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]:

Chapter 7. Job Skills Training Program Certification

Sec. 1. As used in this chapter, "job skills training program" means a course or program designed to:

(1) develop, enhance, or upgrade basic workforce skills of an employee, including:

(A) literacy;

(B) communication skills;

(C) computational skills; or

(D) other transferable workforce skills; or

(2) develop, enhance, or upgrade advanced, specialized, or industry specific skills of an employee that are directly related to the employee's job or career.

Sec. 2. As used in this chapter, "person" means any individual, corporation, limited liability company, partnership, firm, association, public or private agency, educational institution, or other organization.

Sec. 3. As used in this chapter, "sponsor" means a person operating a job skills training program and in whose name the program is registered or approved.

Sec. 4. (a) The department shall adopt rules under IC 4-22-2 to establish standards for:

(1) certifying job skills training programs in Indiana, for purposes of allowing:

(A) employers to claim a credit against state tax liability under IC 6-3.1-25; and

(B) employees to claim a credit against state tax liability under IC 6-3.1-26; and

(2) certifying that a job skills training program is related to particular career fields or job classifications for purposes of allowing employees to claim a credit against state tax liability under IC 6-3.1-26.

(b) The rules adopted by the department under subsection (a) must require as a condition for certification under this chapter that a job skills training program be conducted under an organized, written plan that describes the following:

(1) The nature of the training, instruction, or other curricula to be provided to program participants.

(2) The career fields or job classifications to which the training relates, to allow the department to make the certification required under subsection (a)(2).



(3) The duration of the training.

(4) Any certification, license, or degree that a participant may earn through completion of the program and the specific requirements for the certification, license, or degree.

(5) Any fees or tuition to be charged for the program.

(6) The sponsor's experience in conducting the program or other job skills training programs.

(c) The rules adopted by the commission under subsection (a) may include:

(1) a requirement that the sponsor of a job training program be certified by, accredited by, or otherwise in good standing with an appropriate accrediting body;

(2) minimum requirements, including the payment of any certification fees, for initial certification under this chapter after June 30, 2003;

(3) requirements for renewing a certification first issued under this chapter after June 30, 2003, including the payment of any renewal fees; or

(4) any other requirement that the department considers appropriate.

Sec. 5. The sponsor of a job skills training program who seeks certification under this chapter shall apply to the department for certification on forms prescribed by the department.

SECTION 4. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "department" refers to the department of workforce development established by IC 22-4.1-2-1.

(b) As used in this SECTION, "job skills training program" has the meaning set forth in IC 22-4.1-7-1, as added by this act.

(c) Notwithstanding IC 22-4.1-7-4, as added by this act, the department shall adopt rules under IC 4-22-2 to establish standards for:

(1) certifying job skills training programs in Indiana; and

(2) certifying that a job skills training program is related to particular career fields or job classifications for purposes of allowing employees to claim a credit against state tax liability under IC 6-3.1-26, as added by this act;

as required under IC 22-4.1-7-4, as added by this act, not later than December 31, 2003.

(d) This SECTION expires January 1, 2005.

SECTION 5. [EFFECTIVE JANUARY 1, 2004] IC 6-3.1-25 and IC 6-3.1-26, both as added by this act, apply to taxable years beginning after December 31, 2003.



1 **SECTION 6. An emergency is declared for this act.**

c
o
p
y

